

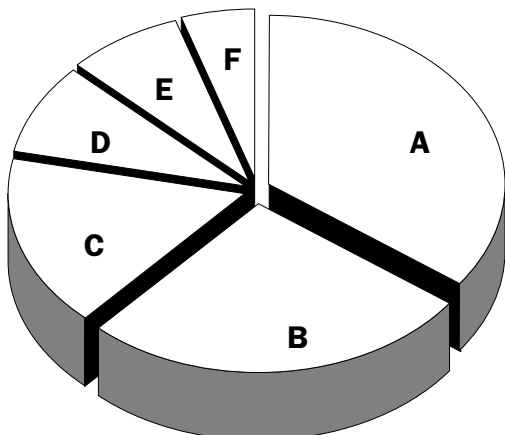
Property Tax

The primary source of funding for local governments in Nebraska is the property tax. Property taxes have been levied exclusively by local governments since the adoption of a constitutional amendment abolishing the state property tax in 1966. In Nebraska, the property tax rate is applied to the taxable value of real and tangible personal property. Real property is assessed at 100 percent of market value with the exception of agricultural land which is assessed at 80 percent of market value. In 1992, the net book valuation method of valuing tangible personal property was adopted. Under the net book valuation method, all depreciable tangible personal property, except registered motor vehicles, is taxable. Registered motor vehicles are assessed by class. The total taxable value of property in Nebraska was \$70.7 billion in 1996. This includes real property valued at \$59.5 billion and personal property valued at \$5.1 billion. The taxable value of registered motor vehicles was \$6.1 billion.

Property taxes levied in Nebraska totaled \$1,644.1 million in 1996. Of that total, 62.1 percent (\$1,021.7 million) was levied by school districts. The operations of counties, cities and villages, community colleges, and a variety of other governmental entities are also financed primarily by property taxes. Total property taxes levied included \$33.2 million in homestead exemptions. Local government subdivisions are reimbursed by the state for revenue losses resulting from homestead exemptions.

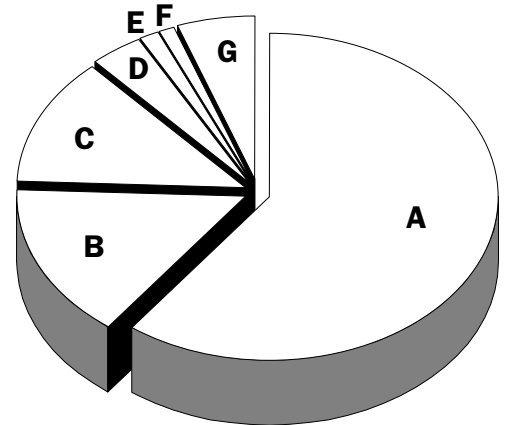
Valuation by Property Class

A Residential and Recreational Real Property	39.6%
B Agricultural Land	23.0%
C Commercial, Industrial, and Minerals Real Property	16.8%
D Motor Vehicles	8.6%
E Net Book Value of Personal Property	7.2%
F Farm Site Land and Ag. Improvements	4.8%



Property Taxes Levied by Government Subdivision

A School Districts	62.1%
B Counties	14.8%
C Cities and Villages	11.6%
D Community Colleges	3.7%
E Natural Resource Districts	1.4%
F Educational Service Units	1.3%
G Other Districts*	5.1%



*Includes Townships, Rural Fire Districts, and Miscellaneous Districts.

Administration

The county assessor is responsible for valuing all real and personal property with the exception of railroads, public service entities, and specific personal property of air carrier and rail car companies which are assessed by the Property Tax Division of the Department of Revenue. The value of real property is determined according to professionally accepted mass appraisal techniques, including but not limited to the following: (1) comparing sales of properties with known or recognized values, taking into account location, zoning, and current functional use; (2) earning capacity of the property; (3) reproduction (replacement) cost less depreciation. The net book value of personal property is determined using a statutory method of depreciated values similar to the Federal Modified Accelerated Cost Recovery System and 150 percent declining balance depreciation schedules. The county assessor updates and revises the assessment rolls, schedules, and returns, and notifies property owners of real property value increases.

After the assessor sets values, but prior to taxpayers being notified of valuation increases, the Tax Equalization and Review Commission (TERC) has the authority to adjust by a percentage the valuation of classes or subclasses of real property in any county in order to achieve equalization of property values. TERC also equalizes the real property value of centrally assessed companies with the level of statewide assessment. Decisions of TERC may be appealed to the Nebraska Court of Appeals.

After equalization, the Property Tax Administrator certifies centrally assessed values to the counties.

The budgetary requirement divided by the total property valuation determines the property tax rate for each taxing subdivision. Public budget hearings are held prior to the tax rate being set, providing taxpayers the opportunity to review the budget requests of the political subdivision.

Individual protests of real property valuations are reviewed by the county board of equalization. The county board may adjust the value of individual properties. Decisions of the county board of equalization may be appealed to TERC.

Homestead Exemption

The homestead exemption program was created by the 1969 Legislature to provide property tax relief to elderly homeowners on limited income. The specific requirements have been modified over the years but the main criteria is to provide local property tax relief to qualifying elderly and disabled individuals who own and live in the home for which an exemption application is made. The exemption applies to all or part of the local property taxes levied against the home, with the state reimbursing local governments from general fund revenues for those taxes exempted under the program. The laws governing the homestead exemption are found in article 35, sections 77-3501 - 77-3529.

The legislature in 1994 approved LB902, which made changes in the application process, as well as the qualifying requirements for receiving the exemption in 1995 and beyond.

LB902 redefines household income; increases the amount of exemption; places limits on the value of the home for which an exemption application is made; requires the reporting of income on statements filed with the county assessor; implements a sliding scale that allows partial exemption as income increases.

For more detailed information, or answers to questions about the Nebraska homestead exemption, please contact your local county assessor's office or the Nebraska Department of Revenue.

Statistical Tables

Table 1 - History of Assessed Valuation and Total Property Taxes

The state total valuations and property taxes levied for the years 1867 through 1996 are listed in Table 1. Also listed are the state total property tax amounts, mill levies, and average statewide property tax rates for applicable years. Total assessed valuation and property taxes are reported by the county assessors on the Certificate of Taxes Levied. Payments in lieu of tax made by public power districts and other in lieu of tax payments are not included in total taxes.

For the years prior to 1981, property was valued as follows: for 1920 and prior years, property was assessed at one-fifth of its actual value; from 1921 to 1952, property was assessed at its actual value; from 1953 to 1955 property was assessed at 50 percent of its actual value; in 1956 and 1957 property was assessed at 50 percent of its base value; and from 1958 to 1980 property was assessed at 35 percent of its actual value. LB 187 of the 1979 legislative session changed the level of assessment to 100 percent of market value, effective beginning in 1981.

Table 2 - Total Property Taxes Levied by Government Subdivisions, 1986 to 1996

Table 2 displays the total property taxes levied by major government subdivisions for the years 1986 through 1996. This information is reported on the Certificate of Taxes Levied Report.

Table 3 - Taxable Value, Property Taxes Levied, Rate, and Distribution of State Aid for 1996

County actual valuations, total taxes levied, and average property tax rates as reported on the Certificate of Taxes Levied Report are listed in Table 3. The total homestead exemption reimbursement and the distribution of state aid to counties are also listed. Homestead exemption amounts are included in total taxes levied.

Table 4 - City and Village Values, Tax Rates, and Taxes Levied for 1996

The actual valuations and tax rates for cities and villages are listed in Table 4. The information is reported on the Certificate of Taxes Levied Report.

Table 5 - Property Taxes Levied by Government Subdivisions for 1996

The taxes levied by selected government subdivisions are listed in Table 5. The information is reported on the Certificate of Taxes Levied Report.

Table 6 - Distribution of Payments in Lieu of Tax by Public Power Districts and Other in Lieu of Tax Payments for 1996

The distribution of payments in lieu of tax by public power districts and other in lieu of tax payments are listed in Table 6. Public power district payments include amounts paid to the State of Nebraska, counties, cities and villages, school districts, and miscellaneous districts. Every public corporation and political subdivision of the state which is primarily organized to provide electricity or irrigation, and which sells electricity at retail to incorporated cities and villages, makes payments in lieu of property taxes. The payments are equivalent to 5 percent of the gross revenue derived by the power district, plus a fixed amount based on 1957 levies.

Other in lieu of tax payments are also reported in Table 6.

Included are payments for the following categories: Game and Parks (37-110), Housing Authorities (71-1510), and Hospitals (77-211). Payments in lieu of taxes are reported on the Certificate of Taxes Levied Report.

Table 7 - Taxable Value of All Property for 1996

The taxable value of all county assessed and centrally assessed property as reported on the 1996 County Abstract of Assessment Report and the Certificate of Taxes Levied Report is summarized in Table 7. Property of public service entities and railroads is assessed by the Property Tax Administrator. All other property is assessed by the county assessors. The total value of county assessed and centrally assessed property is used to set tax rates.

Definitions of Property Categories. Tables 8 through 11 display statistics on the valuation of different property categories as reported on the County Abstract of Assessment Report. The following is a list of definitions of the various property categories.

Unimproved: Land without buildings or structures.

Improved: Land with buildings or structures located upon it.

Improvements: Buildings or structures situated upon land, including mobile homes and improvements on leased land.

Residential/Single Family: All real property with dwellings originally designed for occupancy by one family, or duplexes originally designed for occupancy by two families.

Commercial: All real property used for commerce, trade, or business. Commercial includes multifamily, dwellings originally designed for occupancy by more than two families.

Industrial: All real property used for the process or manufacture of goods or materials.

Recreational: All real property that is used for diversion and relaxation on an occasional basis. A single family dwelling designed for year-round living is not categorized as recreational.

Farm Site Land: The land associated with an agricultural parcel and upon which is located a building or structure.

This land is not classified as agricultural or horticultural land.

Farm Homesite Land: The land associated with an agricultural parcel and upon which is located a dwelling unit/house, garage, etc.

Agricultural Dwelling/House: The residential dwelling unit, which is comprised of a house, garage, etc., situated on farm homesite land.

Agricultural Out-Buildings: The buildings or structures situated on a farm site or associated with an agricultural parcel, not considered as part of the dwelling/house, garage, etc.

Mineral Interest: An ownership interest of any minerals, mines, or quarries, gravel pits, mineral springs; either producing or non-producing. **Producing:** mineral is being extracted. **Non-producing:** mineral is not being extracted.

Agricultural Land: Land that is defined and valued pursuant to the Nebraska Agricultural Land Valuation Manual.

Table 8 - Taxable Value of All Real Property for 1996

The taxable value of all aglands, real property, nonagricultural real property, mineral interests, and centrally assessed real property is summarized in Table 8.

Table 9 - Taxable Value of Personal Property for 1996

The valuation of all taxable personal property and motor vehicles is reported in Table 9. All taxable personal property, except motor vehicles, is assessed at net book value. Motor vehicles are assessed by class.

Table 10 - Taxable Value of Agricultural Land for 1996

A breakdown of the taxable value and number of acres of the different classes of agricultural land is listed in Table 10.

Table 11 - Taxable Value of Real Property Excluding Agricultural Land for 1996

The taxable value of all real property, excluding agricultural land, such as residential, commercial, industrial, etc., is summarized in Table 11.